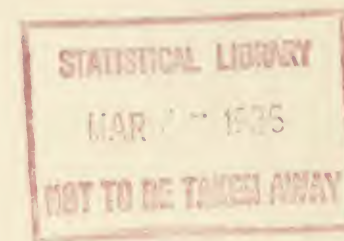


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J. J. NEWBERRY CO. NEW YORK



ANNUAL REPORT

DECEMBER 31, 1935

MBB
CORP. FILE

RECORD OF SALES AND EARNINGS

Year	Number of Stores	Sales	Earnings per Share on Common Stock Outstanding
1912	1	\$32,382.71	N
1913	2	42,183.99	O
1914	3	92,640.38	T
1915	5	116,009.19	I
1916	5	151,464.52	N
1917	6	149,465.64	C
1918	7	276,449.11	O
1919	17	502,445.43	R
1920	17	751,984.16	P
1921	26	1,157,233.90	O
1922	33	1,750,066.32	R
1923	51	3,564,946.51	A
1924	68	5,114,338.79	T
1925	86	6,897,413.59	E
1926	112	9,985,073.71	D
1927	151	15,069,158.69	\$4.68
1928	210	20,609,366.02	8.42
1929	279	27,789,369.40	8.28
1930	335	30,187,391.73	*3.06
1931	379	31,146,802.06	3.65
1932	406	33,121,669.83	4.62
1933	417	35,146,574.03	\$3.15
1934	431	41,054,217.93	2.22
1935	450	43,388,611.37	1.73
			1.07
			3.06
			5.38
			4.94

* 300% Stock Dividend issued September 1st, 1926.

‡ 50% Stock Dividend and Rights to subscribe to 10% of holdings issued May 1st, 1929.

OFFICERS

C. T. NEWBERRY.....*Chairman of the Board*
J. J. NEWBERRY.....*President*
E. A. NEWBERRY.....*Vice-Pres. and Treas.*
J. L. BOUGHNER.....*Vice-President*
T. H. HOCHSTRASSER.....*Vice-President*
W. C. SCHULZ.....*Secy. and Asst. Treas.*
J. H. EWEN.....*Asst. Secy. and Asst. Treas.*

DIRECTORS

C. T. NEWBERRY.....*New York*
J. J. NEWBERRY.....*New York*
E. A. NEWBERRY.....*New York*
J. L. BOUGHNER.....*New York*
C. V. PALLISTER.....*New York*
T. H. HOCHSTRASSER.....*New York*
W. C. SCHULZ.....*New York*
WALTER WILLIAMS.....*New York*
F. R. SMITH.....*New York*

J. J. NEWBERRY CO.

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet As At December 31, 1935

ASSETS	
CURRENT ASSETS:	
Cash in Banks and on Hand..	\$ 2,846,273.10
Miscellaneous Accounts Receivable (less Reserve \$7,821.64).	43,133.86
Merchandise—based on physical inventories certified by responsible officials of the Companies and priced at the lower of cost or market	6,424,900.11
Total Current Assets	9,314,307.07
Notes Receivable of Employees—secured by capital stock of the Company	21,087.00
Investments in and advances to Other Companies—at cost ..	21,205.98
PROPERTY AND EQUIPMENT:	
Land, Buildings and Improvements—at Cost	\$8,288,275.60
Less Reserve for Depreciation	416,182.87
	7,872,092.73
Alterations and Improvements to Leased Premises—at or below Cost. \$3,617,199.52	
Less Reserve for Amortization ..	1,129,436.55
	2,487,762.97
Furniture and Fixtures—at Cost ..	7,327,306.44
Less Reserve for Depreciation ..	2,257,148.52
	5,070,157.92
	15,430,013.62
PREPAID EXPENSES AND DEFERRED CHARGES:	
Unexpired Insurance, Supplies, Prepaid Rents, Taxes, Etc. ..	344,645.35
Deferred Charges	55,503.46
	400,148.81
	<u>\$25,186,762.48</u>

The Board of Directors,
J. J. NEWBERRY CO., New York, N. Y.

We have made an examination of the Consolidated Balance Sheet of J. J. Newberry Co. and Subsidiary Companies as at December 31, 1935, and of the Consolidated Profit and Loss and Surplus Accounts for the year 1935. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and related Consolidated Profit and Loss and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, their consolidated position at December 31, 1935, and the results of their operations for the year.

New York, N. Y., February 25, 1936.

LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable, Bonuses, Accrued Interest, etc.	\$ 1,388,342.02
Provision for Federal Income and Capital Stock Taxes	362,075.33
Total Current Liabilities ..	1,750,417.35
Mortgages Payable on Real Estate:	
Demand	\$ 53,000.00
Term	2,397,275.00
	2,450,275.00
(\$150,000.00 estimated to be paid on Mortgages in 1936).	
Five-Year 3% Notes due May 1, 1940	3,000,000.00
Reserve for Self-Insurance (Fire and Hold-up)	84,240.44
Preferred Stock of Subsidiary, J. J. Newberry Realty Co., in hands of public (Dividends paid to November 1, 1935):	
6½% Cumulative Preferred, Series "A" — 10,000 shares of \$100.00 each, less 14 shares in Treasury	998,600.00
6% Cumulative Preferred, Series "B" — 610 shares of \$100.00 each	61,000.00
	1,059,600.00
CAPITAL STOCK AND SURPLUS:	
7% Cumulative Preferred, Par Value \$100.00 per share—Authorized and Issued, 50,000 shares (see Note)	5,000,000.00
Common, No Par Value:	
Authorized, 800,000 shares.	
Issued, 395,314 shares	5,208,571.89
Earned Surplus	6,996,365.52
Paid-in and Capital Surplus ..	82,944.89
	17,287,882.30
Less Cost of 1,859 shares of Preferred Stock and 14,868 shares Common Stock in Treasury ..	445,652.61
	16,842,229.69
	<u>\$25,186,762.48</u>

PEAT, MARWICK, MITCHELL & CO.

Consolidated Profit and Loss Account	
For the Year ended December 31, 1935	
Sales	\$43,388,611.37
Cost of merchandise sold and operating expenses, including general and administrative expenses, and after deducting income from rentals	39,886,440.52
	\$ 3,502,170.85
Deduct:	
Interest on Funded Debt	\$ 152,826.37
Interest on Mortgages and Other	135,034.47
Provision for Depreciation and Amortization	596,884.05
Other Expenses—Net	11,571.07
	896,315.96
Provision for Federal Income Tax	2,605,854.89
	319,795.33
	2,286,059.56
Dividends paid on preferred capital stocks of J. J. Newberry Realty Co. in hands of the public	68,570.92
Net Income for the Year ended December 31, 1935.	<u>\$ 2,217,488.64</u>

Consolidated Surplus Account	
Balance as at December 31, 1934	\$ 6,172,994.84
Add:	
Net Income for the Year ended December 31, 1935	\$2,217,488.64
Sundry adjustments applicable to prior years—net	1,507.18
	2,218,995.82
	8,391,990.66
Deduct:	
Balance of certain store improvements unamortized at December 31, 1935—written off	286,979.65
Premium on 5½% Gold Notes retired	80,000.00
	366,979.65
	8,025,011.01
Dividends:	
7% Preferred Stock	336,987.00
Common Stock—\$1.60 per share.	608,713.60
	945,700.60
Balance as at December 31, 1935 (including \$82,944.89 Paid-in and Capital Surplus)	<u>\$ 7,079,310.41</u>

Note: On January 10, 1936, the stockholders approved an amendment to the Certificate of Incorporation creating a new class of Series A 5% Preferred Stock and the outstanding 48,141 shares of 7% Preferred Stock were called for redemption on May 1, 1936 at \$110.00 per share plus accrued dividends. Holders thereof were given the option of exchanging each 10 shares thereof for 11 shares of the new 5% Preferred Stock.